



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

June 21, 2004

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To: Supervisor Don Knabe, Chairman
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Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

MOTION TO SUPPORT FEDERAL LEGISLATION THAT CURBS RUNAWAY FILM PRODUCTION (ITEM NO. 33-D, AGENDA OF JUNE 22, 2004)

Item No. 33-D on the June 22, 2004 Agenda is a motion by Supervisor Molina to send letters to the County's Congressional delegation, urging support for Federal legislation that curbs runaway film production to foreign countries by providing better tax treatment to firms that make films in the U.S.

There are a number of pending bills that include language providing tax incentives to encourage the production of film and television projects within the United States. On March 4, 2003, your Board adopted a motion to support one of these bills, H.R. 715, introduced by Representatives Dreier and Berman, which would provide wage-based tax relief for film and television projects filmed in this country.

In addition, S. 1637 (Grassley, R-IA), a major corporate tax bill passed by the Senate last month, includes language providing tax incentives for domestic film and television production. The House version, H.R. 4520 (Thomas, R-CA), does not include similar tax incentives for domestic film production.

Congress has not yet taken any action on H.R. 715 or S. 1613, an identical Senate bill. S. 1637 and H.R. 4520 have been passed by their respective houses, but it is not certain that the differences between the bills can be resolved. According to Joint Committee on Taxation estimates, the Senate bill includes offsetting revenue-raising provisions to keep the overall bill budget neutral, while the House bill would increase the Federal budget

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deficit by \$34 billion over 11 years. There is no bipartisan consensus on how taxes should be cut or increased, and Senate Democrats may opt to block or delay the start of the conference committee.

Support for Federal legislation that would curb runaway film production by providing tax incentives to projects produced in the United States, is consistent with prior Board actions, including approval of the motion to support H.R. 715 on March 4, 2003.

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MAL:DRS:ib

c: Executive Officer, Board of Supervisors
County Counsel